

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2545 - SB 2524**

February 22, 2010

**SUMMARY OF BILL:** Establishes the Housing Relief Restricted Special Revenue Fund to be comprised of monies received as a result of the federal American Recovery and Reinvestment Act of 2009 (ARRA) and appropriated in the general appropriations act. Such monies shall be used by the Tennessee Housing Development Agency (THDA) to fund a grant of \$6,000 to a person who meets certain eligibility requirements and who purchases a newly constructed house in Tennessee using a 30-year fixed rate mortgage. Requires THDA to establish policies and procedures for determining the manner of payment of such grants.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – There would be no impact to state government until monies are appropriated from existing ARRA funds and deposited into the Housing Relief Restricted Special Revenue Fund. If and when such funds are made available for this purpose, THDA would require at least one contract employee equivalent to a THDA Housing Program Coordinator to administer the grant program, depending on the level of funding made available from the Housing Relief Restricted Special Revenue Fund. The estimated one-time cost of \$65,500 for one contract employee would be funded from general state tax revenue.**

Assumptions:

- According to THDA, there are no ARRA funds currently available that may be used for the purpose specified in the bill.
- This grant program is based on a similar program established and implemented in the state of Utah. According to the Utah Housing Corporation, federal stimulus funds in the amount of \$18,000,000 were used to award 3,645 grants.
- According to THDA, Tennessee's population is 2.2611 times the population of Utah. In addition, Tennessee's median income is lower than Utah's median income (\$53,799 versus \$65,226). The combination of a larger population with a lower median income would indicate that a larger number of Tennesseans could be eligible for the grant. The cost of such a grant program in Tennessee would depend upon several variables which cannot be determined at this time; however, it can be reasonably estimated that such a program in Tennessee could cost in excess of \$40,000,000.

- The cost of one contract employee to administer the grant program is estimated to be \$65,520 (\$42,000 salary, \$14,600 benefits, and \$8,920 related expenses). This cost would be on a non-recurring basis funded by general state tax revenue.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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